

July 2010

WARFIGHTER SUPPORT

Actions Needed to Improve the Joint Improvised Explosive Device Defeat Organization's System of Internal Control



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Highlights of [GAO-10-660](#), a report to congressional committees

Why GAO Did This Study

In 2006, the Department of Defense (DOD) established the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to lead, advocate, and coordinate all DOD actions to defeat improvised explosive devices (IEDs). Since 2007, GAO has reported on several issues related to JIEDDO's management and transparency of operations. In response to the 2008 National Defense Authorization Act conference report, mandating that GAO review JIEDDO's efforts, this report addresses the extent to which JIEDDO has (1) measured the effectiveness of its efforts and investments, (2) adhered to its review and approval process for developing counter-IED initiatives, and (3) taken action to address overall internal control weaknesses previously reported by GAO. To address these objectives, GAO analyzed relevant documents and discussed with relevant officials their guidance, oversight, and internal control processes to carry out JIEDDO operations. GAO also conducted case studies of 56 of 497 initiatives JIEDDO's initiative management system.

What GAO Recommends

GAO recommends JIEDDO take actions to improve (1) its processes for assessing effectiveness of counter-IED initiatives, (2) adherence to its initiative review and approval process, and (3) its overall internal control system. GAO also recommends DOD monitor JIEDDO's progress in improving its internal controls. DOD concurred with these recommendations.

View [GAO-10-660](#) or key components. For more information, contact William M. Solis, (202)512-8365 or solisw@gao.gov.

WARFIGHTER SUPPORT

Actions Needed to Improve the Joint Improvised Explosive Device Defeat Organization's System of Internal Control

What GAO Found

While JIEDDO has developed various output performance measures, it has not yet developed a means for reliably measuring the overall effectiveness of its efforts and investments to combat IEDs. Federal internal control standards require that organizations, such as JIEDDO, establish performance measures that compare the results of a program with its intended purpose. GAO recognizes that developing outcome measures that address JIEDDO's overall effect is difficult, but JIEDDO has not developed or followed through with a consistent process or plan to gather appropriate data and evaluate the fundamental effectiveness of the individual initiatives it has fielded. Some other limiting factors, according to JIEDDO officials, are that warfighters operating in theater face competing priorities that interfere with collecting data, and available data may not be consistently recorded and maintained. However, in the absence of a consistent process or plan for evaluating and collecting data from individual initiatives, JIEDDO will not be well-positioned to determine robust performance metrics and procedures to assess whether it is achieving DOD's counter-IED mission.

JIEDDO has a review and approval process for developing counter-IED initiatives; however, it has not fully adhered to this process. Of the 56 initiatives GAO reviewed, JIEDDO excluded 26 from this process, and for the 30 that did go through the process, 22 did not show that they followed all of the required steps of the process. According to DOD's directive, all of JIEDDO's counter-IED initiatives are to go through this process, but JIEDDO's instruction designates non-counter-IED initiatives as overhead, and specifies that overhead will not go through this process. However, neither DOD's directive nor JIEDDO's instruction specifically define what constitutes a counter-IED initiative and what should be considered overhead. As a result, GAO found some initiatives designated as overhead which at the time were similar to others then designated as meeting an immediate counter-IED need or later given that designation. With respect to the 22 initiatives that did not follow all required process steps, some of their required documentation needed to confirm approval decisions was incomplete or missing. Without following the requirements of the process, DOD lacks the transparency and accountability of funds spent by JIEDDO.

GAO identified several significant internal control system weaknesses that have been present at JIEDDO since GAO's first review in 2007. Beyond those identified in this report, those weaknesses extend to other areas such as financial and human capital management. Although JIEDDO has taken some steps in the past to address these weaknesses, those efforts have not been successful. According to federal standards, internal control is a major part of managing an organization. Some underlying reasons for JIEDDO's lack of progress in addressing these weaknesses include a lack of sustained management attention in following through with corrective actions; challenges with retention and expertise of personnel; and a lack of sufficient acquisition expertise with breadth and depth to understand the programs.

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United States Government Accountability Office
Washington, DC 20548

July 1, 2010

Congressional Committees

Improvised explosive devices (IED) continue to be the number one threat to U.S. troops in Iraq and Afghanistan. To address this threat, a Department of Defense (DOD) directive¹ established the Joint Improvised Explosive Device Defeat Organization (JIEDDO) in 2006 and directed it to lead, advocate, and coordinate all DOD actions in support of the Combatant Commanders and their respective Joint Task Forces' efforts to defeat IEDs as weapons of strategic influence. A primary role for JIEDDO is to provide funding to the military services and DOD agencies to rapidly develop and field counter-IED solutions. Through fiscal year 2010, Congress has appropriated over \$17 billion to JIEDDO to address the IED threat. In addition, other DOD components, including the military services, have devoted at least \$1.5 billion to counter-IED solutions, not including \$22.7 billion for Mine Resistant Ambush Protected vehicles. Along with the escalation in Afghanistan, the IED threat is increasingly expanding throughout the globe with over 300 IED events per month worldwide outside of Iraq and Afghanistan, according to JIEDDO. There is widespread consensus that this threat will not go away and that the IED will continue to be a strategic weapon of influence in future conflicts.

In response to congressional direction,² GAO has issued a series of reports examining a broad spectrum of JIEDDO's operations including its ability to lead, advocate, and coordinate counter-IED efforts across DOD as well as establish itself as an accountable organization that can effectively manage billions of dollars in funding. As DOD looks to the future in deciding the appropriate role, organizational placement, and degree of Office of Secretary of Defense (OSD) oversight for JIEDDO, addressing these types of issues will be critical. For this report, we determined the extent to which JIEDDO has (1) measured the effectiveness of its efforts and investments, (2) adhered to its review and approval process for developing counter-IED initiatives, and (3) taken action to address overall internal control weaknesses previously reported by GAO.

¹ Department of Defense Directive 2000.19E, Joint Improvised Explosive Device Defeat Organization (JIEDDO) (Feb. 14, 2006).

² H.R. Rep. No. 110-477 (conference report accompanying the National Defense Authorization Act for Fiscal Year 2008).

To assess JIEDDO's efforts to measure the effectiveness of its efforts and investments, we requested, reviewed, and discussed with JIEDDO officials current and anticipated efforts to measure and evaluate its operations and activities. We reviewed these efforts to determine the progress, breadth, and depth of JIEDDO's measurement development and their applicability towards JIEDDO's ability to successfully evaluate its operations initiatives. To assess JIEDDO's adherence to its review and approval process, we reviewed, analyzed, and discussed JIEDDO guidance with JIEDDO officials to identify key steps in its process. We then analyzed data from 56 case studies representing the most costly initiatives of the 497 initiatives in JIEDDO's initiative management system for fiscal years 2008 and 2009 to determine whether JIEDDO's stated process was followed by JIEDDO managers and personnel.³ These case studies included over \$4.67 billion in fiscal year 2009 projects and initiatives. We also identified required approval controls over use of funds, reviewed selected transactions for compliance with these controls, and assessed whether the data recorded in the accounting and managerial systems accurately reflected JIEDDO's activities. To assess JIEDDO's actions to address overall internal control system weaknesses previously reported by GAO, we interviewed and discussed with JIEDDO officials their efforts to improve JIEDDO's internal control system in response to prior related GAO findings. We collected and reviewed internal and external guidance⁴ and documentation of JIEDDO's internal control system. We reviewed and compared JIEDDO's annual statements of assurance regarding JIEDDO's internal controls system. We then analyzed the information collected and discussed the significance of conditions observed with JIEDDO officials. We conducted this performance audit from May 2008 to May 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. See appendix I for a more complete discussion of GAO's scope and methodology.

³Joint IED Defeat Organization Instruction 5000.01, Joint Improvised Explosive Device Defeat (JIEDD) Capability Approval and Acquisition Management Process (JCAAMP) (Nov. 9, 2007).

⁴External guidance includes federal standards as well as DOD regulations, directives, and guides governing internal control requirements and their application within DOD and JIEDDO.

Background

JIEDDO was created by the Deputy Secretary of Defense in January 2006 and is responsible for leading, advocating, and coordinating all DOD efforts to defeat IEDs. Prior DOD efforts to defeat IEDs included various process teams and task forces. For example, DOD established the Joint IED Defeat Task Force in June 2005 for which the Army provided primary administrative support. This task force replaced the Army IED Task Force, the Joint IED Task Force, and the Under Secretary of Defense, Force Protection Working Group. To focus all of DOD's efforts and minimize duplication, DOD published new counter-IED policy in February 2006 through DOD Directive 2000.19E, which changed the name of the Joint IED Defeat Task Force to JIEDDO and established it as a joint entity and jointly manned organization within DOD, reporting to the Deputy Secretary of Defense. The directive states that JIEDDO shall "focus" (i.e., lead, advocate, and coordinate) all Department of Defense actions in support of the Combatant Commanders and their respective Joint Task Forces' efforts to defeat IEDs as "weapons of strategic influence." The organization is directed to identify, assess, and fund initiatives that provide specific counter-IED solutions, and its director has the authority to approve joint IED defeat initiatives valued up to \$25 million and make recommendations to the Deputy Secretary of Defense for initiatives valued over \$25 million. Under the directive, JIEDDO reports directly to the DOD Deputy Secretary of Defense.

It is JIEDDO's role to provide funding to the military services and DOD agencies to rapidly develop and field counter-IED solutions. Congress has provided JIEDDO with its own separate direct appropriation since 2007. JIEDDO uses its appropriation to provide funds to the military service that is designated to sponsor counter-IED initiatives using Military Interdepartmental Purchase Requests. Departmental guidance also states that the acquiring department, or military service, is then authorized to create obligations against the funding without further referral to the requiring department—JIEDDO—and that the military service has no responsibility to determine the validity of a requiring-department-approved purchase request. Therefore, after JIEDDO provides funding authority to the military service and the designated program manager for a specific initiative, the service program manager, not JIEDDO, is responsible for managing the initiatives for which JIEDDO has provided funds.

JIEDDO's efforts to counter the use of IEDs and subsequent funding for those efforts are organized according to three primary lines of operation: (1) attack the network that enables the use of IEDs, (2) defeat the IED itself once emplaced, and (3) train the military forces in counter-IED techniques. JIEDDO assigns all funds used to one of these lines of

operation—or to a fourth line of operation called staff and infrastructure⁵ for miscellaneous expenditures not directly related to the three lines of operation. When JIEDDO undertakes any effort requiring funds, it assigns the funds for the effort to one of the lines of operations. As noted in our prior report,⁶ JIEDDO further breaks down its expenditures into more detailed subsets, which it designates as initiatives, assigning a name and a unique number called an initiative designation number to track expenditures related to each initiative. JIEDDO manages and reports on all funds expended by line of operation and by initiative.

In prior GAO reviews, we reported on several issues related to JIEDDO's management and operations. In March 2007, we reported JIEDDO's lack of a strategic plan and the resulting effects on the development of its financial and human capital management programs. We made several recommendations based on this finding to the Secretary of Defense to improve the management of JIEDDO operations, stressing the development of JIEDDO's detailed strategic plan. Subsequently, we also reported in March 2008 on JIEDDO's internal controls and made several recommendations focused at improving JIEDDO's internal control system. JIEDDO agreed with our recommendations and undertook efforts to address our findings and recommended actions. In addition, we testified and issued a report in October 2009 regarding steps that JIEDDO and DOD have taken to manage counter-IED efforts. Our testimony also included some of the challenges we discuss in this report.⁷

In November 2007, JIEDDO published and implemented its Joint Improvised Explosive Device Defeat Capability and Acquisition Management Process (JCAAMP) instruction,⁸ and updated the instruction

⁵ Staff and infrastructure includes Non-Counter-IED Requirements which JIEDDO defines as typically CONUS-only costs, and JIEDDO Operations and Plans for typically Iraq and Afghanistan costs. JIEDDOI 5000.01, para. E5.4.2. (Nov. 9, 2007).

⁶ GAO, *Defense Management: More Transparency Needed over the Financial and Human Capital Operations of the Joint Improvised Explosive Device Defeat Organization*, [GAO-08-342](#) (Washington, D.C.: Mar. 6, 2008).

⁷ GAO, *Warfighter Support: Challenges Confronting DOD's Ability to Coordinate and Oversee Its Counter-Improvised Explosive Devices Efforts*, [GAO-10-186T](#) (Washington, D.C.: Oct. 29, 2009) and GAO, *Warfighter Support: Actions Needed to Improve Visibility and Coordination of DOD's Counter Improvised Explosive Device Efforts*, [GAO-10-95](#) (Washington, D.C.: October 2009).

⁸ JIEDDO Instruction 5000.01 (Nov. 9, 2007).

in November 2009.⁹ JCAAMP is JIEDDO's process to respond to urgent warfighter needs; to identify counter-IED operational capability gaps; to aggressively seek, acquire, and assess potential materiel and nonmateriel solutions to these gaps through finding networks that include industry, academic, and service research labs experts; and to place approved counter-IED initiatives in the hands of warfighters for operational assessment and deployment. JCAAMP is intended to enable a smooth transition or transfer of counter-IED initiatives to one or more services or agencies and provides guidance on the disposition of those initiatives recommended for termination. The JCAAMP instruction defines JCAAMP's roles, responsibilities, and oversight requirements as applicable to all JIEDDO (subordinate divisions, branches) and other components.

JIEDDO Has Not Developed a Means for Reliably Measuring the Effectiveness of Its Efforts to Combat IEDs

While JIEDDO has developed various output-focused performance measures, it has not yet developed a means for reliably measuring the effectiveness of its overall efforts and investments to combat IEDs. Existing metrics focus more on outputs than outcomes. Outputs describe the level of activity that will be provided over a period of time, including a description of characteristics such as timeliness or percentage of products or services delivered.¹⁰ Examples of JIEDDO output measures include metrics to evaluate its response time in satisfying urgent theater requirements, the quality and relevance of counter-IED proposals JIEDDO solicits and receives in response to its solicitations, and the ratio of initiatives for which JIEDDO completes operational assessments. However, these metrics do not inform JIEDDO or stakeholders about the effect the agency's efforts have on combating IEDs as a weapon of strategic influence. JIEDDO has not developed or followed through with a consistent process or plan to gather appropriate data and evaluate the fundamental effectiveness of the individual initiatives it has fielded. JIEDDO officials stated they have extreme difficulty in reliably gauging the effectiveness of JIEDDO's efforts and investments on combating IEDs. They attributed this difficulty to not being able to establish a statistically based causal relationship between JIEDDO efforts and counter-IED trends. Nonetheless, federal internal control standards require that

⁹ The JIEDDO instruction revision occurred after the completion of our fieldwork and changes therein have not been fully implemented due to change of leadership and pending reorganization of JIEDDO.

¹⁰ OMB Circular No. A-11, Sec 200.3, *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (2009).

organizations such as JIEDDO establish internal control activities that help ensure the establishment and review of performance measures and indicators that compare the results of its program activity with the plans, goals, and objectives as envisioned by the Government Performance and Results Act, which suggests that an organization design its performance measures to compare the results of a program activity with its intended purpose.¹¹ In our 2007 report on JIEDDO's lack of a strategic plan,¹² we noted that JIEDDO lacked measurable goals and objectives. JIEDDO's Fiscal Year 2009-2010 strategy stated that finding a set of measures that clearly reveal JIEDDO's overall contribution to the counter-IED fight remains an analytical challenge.¹³

Evaluating the effectiveness of individual initiatives would help to inform JIEDDO about its overall effectiveness in countering the IED threat. However, JIEDDO has not developed or followed through with a consistent process or plan to establish how it will evaluate the fundamental effectiveness of its individual initiatives it has fielded and to collect needed data. In addition to a lack of good outcome-oriented metrics, other relevant factors contributing to JIEDDO's difficulty in measuring the effectiveness of individual initiatives include: (1) data on effectiveness of initiatives are not consistently collected in theater, (2) initiative management data are not consistently recorded and maintained at JIEDDO, and (3) performance data regarding unexpected outcomes such as ineffectiveness of certain counter-IED efforts are not always evaluated as a means to highlight potential improvement.

- **Data on Effectiveness of Initiatives Are Not Consistently Collected in Theater:** According to JIEDDO officials, because time is critically limited when counter-IED initiatives are designed for deployment in theater, the initiatives may not be designed or developed with adequate data collection procedures to provide information needed for statistically based assessment of initiatives' effectiveness. JIEDDO officials told us that data for fielded initiatives

¹¹ Government Performance and Results Act, (codified at 31 U.S.C. §§ 1115-1119) (2010); Pub. L. No. 103-62 (1993); [GAO/AIMD-00-21.3.1](#), *Standards for Internal Control in the Federal Government* (November 1999).

¹² GAO, *Defense Management: A Strategic Plan is Needed to Guide the Joint Improvised Explosive Device Defeat Organization's Efforts to Effectively Accomplish its Mission*, GAO-07-377C (Washington D.C.: Mar. 28, 2007).

¹³ JIEDDO, *JIEDDO's Fiscal Year 2009-2010 Strategy* (February 2009).

can be limited because collection and documentation of such data do not carry a high priority for units and soldiers operating in theater. JIEDDO does not have steps that ensure that potential feedback processes are included in the design phase as a firm requirement when considering investing in a counter-IED initiative.

- **Initiative Management Data Are Not Consistently Recorded and Maintained at JIEDDO Because of Availability Limitations:** Data that officials stated should be available at JIEDDO to be used for measuring effectiveness sometimes are not available because documentation of information has not been routinely and reliably recorded at JIEDDO. For example, we found that the date, source, and initial concept for one counter-IED initiative—required by JIEDDO and needed to establish performance baselines—were not available, according to officials, either because they had not been recorded or because they had not been retained. While JIEDDO has established standards for document storage and retention and implemented a system for storing and managing documents, these efforts require a degree of compliance not yet achieved. Officials attributed the condition of poor data quality to JIEDDO staff perception that routine documentation of information is of limited value and that other higher value pursuits such as rapid acquisition of initiatives should take priority amongst their limited available time. JIEDDO officials are aware that improving discipline at identifying and routinely documenting JIEDDO-generated information is needed to conduct counter-IED initiative evaluations. For example, JIEDDO recently formed and staffed a team of individuals that is expected to review all new funding requests to determine whether the associated counter-IED effort will involve an increase in staff or require development or expansion of JIEDDO infrastructure. The team reportedly has developed a routine process for reviewing, discussing, questioning, commenting, and most importantly, recording these actions and decisions in a traceable record that has begun to provide JIEDDO managers and staff with a reliable source of historic events and decision points for subsequent data analysis. According to the Internal Review Director, JIEDDO plans to expand this documentation process to other key teams managing other dimensions of counter-IED initiatives. However, it is too early for us to evaluate the consistent use and effectiveness of this new process or JIEDDO's plans to implement it across the rest of the organization.
- **Performance Data on Unexpected Outcomes Are Not Always Evaluated for Impact:** JIEDDO may not be adequately evaluating the ineffectiveness of its counter IED initiatives, and therefore not

adequately pursuing and presenting data that show where improvement may be necessary. For example, in response to a general officer request in Iraq, the Institute for Defense Analysis collected and analyzed IED incident data before and after a certain initiative to determine its effect on the rate of IED incidents. JIEDDO officials intended the initiative in question to reduce the number of IED attacks. However, the data collected contradicted the intended result because the number of IED incidents increased in areas where the initiative was implemented. These data could provide lessons learned to fix the initiative or to suggest another approach towards JIEDDO's strategic goal of reducing IED incidents. However, JIEDDO officials stated that JIEDDO did not analyze these data because they would not demonstrate effectiveness and consequently, JIEDDO may be overlooking data useful for identifying areas for improvement.

More broadly, JIEDDO's strategic plan development efforts have not produced a satisfactory set of performance measures to gauge JIEDDO's effect on achieving DOD's counter-IED mission, nor an effective data collection and evaluation plan. In the absence of a commitment to this effort with a consistent process or plan for collecting and evaluating data from individual initiatives, JIEDDO will not be well-positioned to determine whether it is achieving DOD's counter-IED mission as contemplated by the Government Performance and Results Act.¹⁴

JIEDDO Has Not Fully Adhered to Its Review and Approval Process for Managing Counter-IED Efforts

JIEDDO has a review and approval process for developing counter-IED initiatives—JCAAMP—however, JIEDDO has not fully adhered to this process. Specifically, we reviewed 56 of JIEDDO's most costly initiatives in its financial records for fiscal years 2008 and 2009 and determined that 26 of the initiatives were excluded from the process outright because JIEDDO designated them as overhead not subject to JCAAMP. According to JIEDDO officials, "overhead" is a broad and diverse category including staff and infrastructure requirements, operations and plans support, developmental efforts, counter-IED training support efforts, and general support requirements for JIEDDO. However, because JIEDDO guidance is so broad it is not clear which initiatives should be considered counter-IED initiatives, and consequently some counter-IED initiatives were excluded from JIEDDO's JCAAMP process.¹⁵ Furthermore, for those 30 counter-IED

¹⁴Government Performance and Results Act, Pub. L. No. 103-62 (1993).

¹⁵DOD Directive 2000.19E (Feb. 14, 2006). JIEDDOI 5000.01 (Nov. 9, 2007).

initiatives that did go through the process, JIEDDO did not consistently follow required steps of the process for 22 of these initiatives.

JIEDDO Has Excluded Some Counter-IED Initiatives from Its Review and Approval Process

We found that of the 56 initiatives we reviewed, JIEDDO excluded 26 of them from JCAAMP. Based on DOD Directive 2000.19E,¹⁶ all of JIEDDO's counter-IED initiatives are to go through JIEDDO's review and approval process (JCAAMP) which includes obtaining the Deputy Secretary of Defense's approval for all JIEDDO initiatives valued greater than \$25 million. Additionally, JIEDDO Instruction 5000.01 designates non-counter-IED initiatives as overhead, and specifies that overhead will not go through this process.¹⁷ JIEDDO has characterized the governance mechanisms of its review and approval process—including the Deputy Secretary of Defense's approval for initiatives exceeding \$25 million—as perhaps the most important part of its process before committing funding to any initiative. DOD defines an initiative as a materiel or nonmateriel solution that addresses capability gaps in defeating IEDs.¹⁸ However, neither DOD Directive 2000.19E nor JIEDDO Instruction 5000.01 specifically defines what constitutes a counter-IED initiative and what is considered overhead. To illustrate,

- JIEDDO excluded one of two very similar training initiatives from its review process, both of which fund role players at the national training center to create a realistic war scenario. JIEDDO processed one initiative through JCAAMP with role players with speaking roles and not the other because it only involved role players as nonspeaking extras. According to JIEDDO officials, they classified the initiative with role players as extras as an overhead requirement thereby excluding it from JCAAMP. However, both initiatives are similar in purpose and objective, which is to enhance the counter-IED training experience by creating a realistic war scenario at the national training

¹⁶ DOD Directive 2000.19E (Feb. 14, 2006).

¹⁷ JIEDDOI 5000.01, ¶ E5.4.2.

¹⁸ DOD Directive 2000.19E, para. 3.1. (Feb. 14, 2006). "Materiel solution" is defined in CJCSI 3170.01G as correction of a deficiency, a solution to a capability gap, or incorporation of new technology that involves development or acquisition of a new item or piece of equipment and "non-materiel solution" is defined as a solution to a capability gap that involves changes in doctrine, organization, training, materiel, leadership and education, personnel, facilities, or policy, the materiel portion of which is restricted to commercial or nondevelopmental items, which may be purchased commercially, or by purchasing more systems from an existing materiel program.

center. The excluded initiative appears to be a solution that addresses capability gaps in defeating IED, not overhead, and therefore should not have been excluded from JIEDDO's review and approval process.

- In the March 2009 data we collected to conduct our case studies, JIEDDO designated a radar system initiative—the Vehicle Dismount Exploitation Radar—as an overhead requirement because according to JIEDDO officials it was not ready to satisfy all existing operational needs for which it was being developed. Therefore, it was excluded from the JCAAMP process. However, even though designated as overhead, JIEDDO officials slated the device to satisfy an immediate counter-IED urgent need from theater in April 2009 and said that they expected to field the device within fiscal year 2010. Although JIEDDO officials classified the initiative as overhead, because it was not ready to satisfy all existing operational needs and therefore not ready to be fielded, both the directive and instruction are unclear about whether maturity or counter-IED application should be the deciding factor in determining whether an effort should be designated as overhead or an initiative. Classification of the radar system as an overhead requirement meant that JIEDDO did not submit this initiative for Deputy Secretary of Defense approval, even though JIEDDO has expended approximately \$67.4 million on the initiative—exceeding the \$25 million total life-cycle approval criteria more than twofold. This initiative appears to be a solution that addresses capability gaps in defeating IED, not overhead, and therefore should not have been excluded from JIEDDO's process.

Overall, we determined that the 26 initiatives excluded from JCAAMP had total funding requirements of \$1.5 billion as of March 31, 2009, and represented about one third of the total \$4.67 billion requirements for all 56 of our case studies. In addition, when we requested data to be able to conduct this review, we found that JIEDDO does not maintain and track information identifying which initiatives it designates as overhead requirements and excludes from this process in a comprehensive, readily accessible format. When initiatives are excluded from JCAAMP, internal and external stakeholders do not have the opportunity to review, comment on, and potentially change the course of the initiative in coordination with competing or complementary efforts.

JIEDDO Did Not Fully Apply Its Management Process to Counter-IED Initiatives

Among 30 initiatives from our 56 case studies that JIEDDO said went through the JCAAMP process, we found 22 examples involving inconsistent and inadequate compliance with steps required by applicable DOD guidance. JIEDDO's charter,¹⁹ JIEDDO's process instruction,²⁰ and JIEDDO's standard operating procedures²¹ together identify a set of various decision points and actions, collectively intended to control JIEDDO's use of resources to identify, acquire, assess, and place counter-IED initiatives. In reviewing documentation and application of these criteria to counter-IED initiatives, we determined JIEDDO did not consistently comply with its requirements. For summary reporting purposes, we tallied the incidences of inconsistency and noncompliance and grouped them into the following three categories:

- **Incomplete or Missing Initiative Decision Memos:** JIEDDO's standard operating procedure requires that JIEDDO (1) document each of its decisions to release funds for counter-IED initiatives in separate, detailed, written formal initiative decision memoranda approved and signed by the director or his deputy director; (2) complete the initiative decision memorandum before obligating funds for the subject counter-IED initiative; and (3) retain and file a copy of the initiative decision memorandum with each resulting funding document created by JIEDDO's budget and accounting directorate. However, we found that 19 of 30 initiative case studies had not complied with one or more of these requirements consistently. For example, the initiative decision memorandum supporting JIEDDO's release of \$13.9 million in funds on April 17, 2008, for one initiative was procedurally not compliant because (1) it was signed 2 days after the funding was issued to and accepted by the service sponsor—i.e., the military service JIEDDO designated to sponsor this initiative—and (2) it was signed by a division official, not by the director or deputy director as required.
- **Lack of Required Initiative Approval:** JIEDDO's guidance requires that counter-IED initiatives that exceed \$25 million in total acquisition cost for JIEDDO's tenure of ownership (or are reasonably expected to

¹⁹DOD Directive 2000.19E (Feb. 14, 2006).

²⁰ JIEDDOI 5000.01 (Nov. 9, 2007).

²¹ JIEDDO organizational elements each establish standard operating procedures for conducting the business of that given organizational element within applicable JIEDDO and DOD guidance. For example, Resource Management has established and documented its required standard operating procedures in a 276-page document.

exceed \$25 million) in funding requirements be (1) submitted to an external panel of 15 senior managers from various functional areas within DOD for advice, review, and recommendations whether to proceed with the initiative; and (2) subsequently approved by the Deputy Secretary of Defense—based on his judgment and consideration of the DOD senior managers’ recommendations and comments—before JIEDDO creates an initiative funding memorandum or provides funds for the initiative.²² However, we found 13 of the 30 initiatives did not comply with these requirements before issuing funds to the service sponsors for the initiatives. For example, JIEDDO created and signed an initiative decision memorandum on March 19, 2008, to begin one initiative project expected to cost \$348 million, before submitting the initiative for review to the senior managers’ external panel and obtaining Deputy Secretary of Defense approval. JIEDDO did not receive external approval from the deputy secretary of defense until April 18—about 1 month after funding was issued for the initiative—resulting in premature commitment and obligation of \$28.7 million for the initiative on March 24, 2008, without required authorization.

- **Lack of Consistent Initiative Documentation of Decisions and Events:** JIEDDO officials told us that process decisions and events of counter-IED initiatives receiving funds should be physically documented and filed within the appropriate folders and digitally captured via its data management tool. The purpose of this documentation is to provide proof of JIEDDO actions and an audit trail for JIEDDO personnel and others to determine the history and progress of an initiative. JIEDDO is expected to secure and store the physical files at its headquarters for a period of 6 years with only authorized budget personnel allowed to remove the files using a tracking system for physical control. After 6 years, the documents are expected to be digitally archived and the physical files destroyed. However, 22 of the 30 initiatives we studied were not implemented consistent with the processes described by JIEDDO officials, even though JIEDDO financial records indicate that JIEDDO had issued funds to service sponsors for the initiatives studied. For example, in 5 cases, file folders for initiatives we reviewed were not available for review when requested, and JIEDDO officials could not determine where the files were located or who possessed the files at the time of our request. Available folders for other initiatives did not contain all

²² DOD Directive 2000.19E (Feb. 14, 2006), and JIEDDOI 5000.01 (Nov. 9, 2007).

required documentation for various specific JIEDDO decisions and actions. Some file folders did not have accurately dated and signed copies of purchase requests; some had documents that contradicted one another, and others had documents missing entirely.

According to JIEDDO officials, systematic compliance with its process and documentation thereof has been a weakness that JIEDDO has attempted to correct and continues to pursue improvements in this regard. In response to findings discussed in this report, officials from JIEDDO's accounting and budgeting division, acquisition oversight division, and internal review division said that the discipline and compliance with JIEDDO's process for managing counter-IED initiatives have improved significantly beginning in the last quarter of fiscal year 2009. They point out that this period occurred after the bulk of our study and analysis of selected JIEDDO initiatives, and that it is too early to determine the full effect of these improvements.

Nonetheless, while JIEDDO may have taken steps to address some of our concerns, this review's findings and the findings of prior GAO reports underscore that JIEDDO has not had a systematic process in place to adequately manage or fully document its activities and operations for the majority of its operating life, nor, as discussed more fully below, an effective internal control process to ensure consistent compliance with process and documentation requirements. Because, as JIEDDO officials state, it is too early to assess the effects of JIEDDO's subsequent action, it is not clear if this condition has improved. When JIEDDO does not adhere to its established acquisition process, including maintaining required documentation, transparency is limited and accountability of funds is in jeopardy.

Lack of Sustained JIEDDO Management Attention and Ineffective DOD Oversight Hampered Efforts to Improve JIEDDO's Overall Internal Control System

Our prior and current audit work has identified a long-standing problem of inadequate attention to internal control weaknesses by JIEDDO management such as those related to strategic planning, program management, and financial and human capital management. At the same time, OSD officials, including the office of the Deputy Secretary of Defense, to whom JIEDDO officially reports, have provided limited oversight of JIEDDO's overall internal control system. According to federal standards, internal control is a major part of managing an organization. It comprises the plans, methods, and procedures used to meet missions, goals, and objectives; and, in doing so, supports performance-based management.²³ Furthermore, DOD relies on JIEDDO's system of internal controls for assurance that JIEDDO is achieving its objectives.

JIEDDO Has Not Taken Sufficient Action to Address Persistent Internal Control Weaknesses

JIEDDO has significant weaknesses in its system of internal control that have persisted since it was established in January 2006. According to federal internal control standards, monitoring of internal controls should be conducted to assess the quality of performance over time and to ensure that the findings of audits and other reviews are promptly resolved.²⁴ However, JIEDDO has not taken sufficient action to monitor the quality of its system of internal control and correct identified control deficiencies. In our prior reports, we concluded that JIEDDO needed more transparency over its resources and needed to address specific internal control weaknesses.²⁵ For example, in March 2008, we reported that JIEDDO lacked adequate controls to ensure counter-IED initiatives are properly approved before they are funded. As evidenced earlier in this current report, at the time of our review JIEDDO still lacked effective controls over the approval of initiatives and it is too soon to determine if any subsequent actions by JIEDDO have significantly improved this condition. We also reported in March 2008 that JIEDDO lacked an effective system of internal control over its financial processes. More recently, based on the Internal Review Director's assessment of our prior work regarding ongoing weaknesses in JIEDDO's internal control system, JIEDDO

²³ [GAO/AIMD-00-21.3.1](#), *Standards for Internal Control in the Federal Government* (November 1999).

²⁴ [GAO/AIMD-00-21.3.1](#) (November 1999).

²⁵ GAO, *Defense Management: A Strategic Plan is Needed to Guide the Joint Improvised Explosive Device Defeat Organization's Efforts to Effectively Accomplish its Mission*, GAO-07-377C (Washington D.C.: Mar. 28, 2007), [GAO-08-342](#), and [GAO-10-95](#).

management acknowledged and reported to DOD in July 2009 that its internal control system was materially weak.²⁶ JIEDDO management attributed its failure, in part, to not having an individual on staff with sufficient competence to both understand internal control system requirements and ability to educate and persuade management of the serious need for JIEDDO to formally develop, implement, test, evaluate, and adjust as needed its internal control program.

JIEDDO's lack of progress in resolving its internal control problems is, in part, due to a lack of sustained management attention in following through with corrective actions. Responding to our prior work and concerns from within DOD and JIEDDO's congressional oversight committees, JIEDDO initiated several actions to improve internal control processes. For example, JIEDDO established an Internal Review office charged with developing, administering, and overseeing an internal control system in September 2007. It also developed and expanded an internal oversight division—called the Acquisition Oversight Division—charged with oversight of counter-IED initiatives funded by JIEDDO in March 2008. However, JIEDDO has not followed through in fully implementing these actions to improve its internal control system. For example, although JIEDDO intended to hire several internal review personnel to staff its newly established internal review office, it hired only one person to staff the office in November 2007 and that person left in February 2009 without having succeeded in establishing a formal internal control system. Furthermore, this office remained unstaffed until April 2009, when JIEDDO officials hired a new Internal Control Director to reestablish and manage its internal review office.

Additionally, after JIEDDO established the Acquisition Oversight Division in May 2008, JIEDDO senior management later questioned the appropriateness of this division's attempt to closely review JIEDDO's testing activity that assesses the compatibility and effectiveness of its individual counter-IED initiatives before being placed in actual use. The acquisition oversight division was established to address Office of Secretary of Defense concerns regarding the need to separate day-to-day JIEDDO internal oversight of counter-IED initiatives from JIEDDO's operating division responsible for developing and implementing the

²⁶ JIEDDO Memorandum for Director of Administration and Management (July 9, 2009). *Annual Statement Required under the Federal Managers' Financial Integrity Act of 1982 (FMFIA)*.

initiatives.²⁷ JIEDDO management officials said the testing activity had a self-monitoring component and therefore considered the acquisition oversight division's review redundant. The acquisition oversight division countered that its review verified that the self-monitoring component of the testing activity was not functioning as intended. Nonetheless, in May 2009, JIEDDO management removed oversight responsibility for testing activities from the acquisition oversight division's purview. Later, JIEDDO's internal review office conducted an audit which proved that self-monitoring by the testing activity was not sufficient and corroborated the need for the acquisition oversight division's audits. During ongoing operations reorganization, begun in November 2009, JIEDDO officials developed plans to eliminate the acquisition oversight division and disperse its manpower to other JIEDDO positions within its operating division, thus resulting in no longer making oversight their function in the organization. This action would effectively eliminate a process for identifying and reporting weaknesses with counter-IED initiatives. JIEDDO officials stated that its plan to eliminate the acquisition oversight division did not preclude JIEDDO from developing alternative oversight mechanisms.²⁸

During the course of this review, the JIEDDO Internal Review Director said JIEDDO had taken three new actions to remedy internal control weaknesses present at JIEDDO. Those actions are (1) hiring the internal review office's first subordinate staff member—an auditor—in August 2009 to assist the Internal Review Director in evaluating the effectiveness of JIEDDO's internal controls, (2) engaging a consulting firm to assist in its internal control implementation efforts in November 2009, and (3) instituting formal internal control education activities in February 2010. Although it is too early to know whether these new efforts to improve JIEDDO's system of internal controls will be successful, we continue to be concerned whether they will address internal control shortcomings given

²⁷ JIEDDO's Acquisition Oversight Division, which is responsible for oversight of JIEDDO's counter I-ED initiatives acquisition management, is separate from the internal review office, which is responsible for the JIEDDO-wide internal control program.

²⁸ After the completion of our audit work, we provided JIEDDO management with a statement of facts that included the forgoing actions documented during our work at JIEDDO. In discussing the audit finding, JIEDDO management informed GAO that the new JIEDDO Director has since decided to retain JIEDDO's Acquisition Oversight Division as an organizational element at JIEDDO. However, during the same discussion, JIEDDO officials also acknowledged that the oversight division will not be maintained in its present form and that the size, functions, and responsibilities of the oversight division have yet to be determined.

JIEDDO's past failures in implementing corrective actions and sustaining them over time. However, as of January 2010, JIEDDO was assigned a new director, and its management team has recently expressed its intention to address program internal control weaknesses. This new leadership has recognized the challenge JIEDDO faces in maintaining prompt delivery of counter-IED solutions while ensuring appropriate controls are in place to maintain accountability.

In addition to concerns regarding JIEDDO management's past commitment to address weaknesses in its overall system of internal controls, improvements to JIEDDO's internal control system may also be hampered by challenges with the retention and expertise of personnel, ranging from scientists, system engineers, and operations research analysts, to intelligence analysts, budget analysts, accountants, and auditors. For example, JIEDDO is faced with challenges in retaining a sufficiently stable labor pool that is adequately sized to support a system of internal controls on an ongoing basis because employees are uncertain regarding the permanence of JIEDDO. In July 2009, JIEDDO reported to DOD that staffing supervision challenges and retaining trained program administrators at JIEDDO are underlying causes for its inadequate internal control program development and implementation.²⁹ For example, JIEDDO's July 2009 assurance statement report states that its practice of satisfying large portions of its labor requirements through service contracts has resulted in a high ratio of contractors to government employees, and therefore it has too few government managers to oversee inherently governmental functions.³⁰ This condition could also result in compressing the amount of time to carry out internal controls. JIEDDO officials have requested approval for adding 141 additional government employee positions and converting 192 positions currently for contractors to government employee positions to remedy the condition and received approval in February 2010 to begin hiring personnel to fill the new and converted positions. However, according to JIEDDO officials, successfully filling those positions with a stable, retainable workforce remains a challenge because the positions require a specific and significant set of

²⁹ JIEDDO Memorandum for Director of Administration and Management (July 9, 2009). *Annual Statement Required under the Federal Managers' Financial Integrity Act of 1982 (FMFIA)*.

³⁰ Inherently governmental functions are those that are intimately related to the public interest as to mandate performance only by federal employees

skills that have been in short supply,³¹ and JIEDDO anticipates difficulty filling these positions. Also, JIEDDO, as an organization, exists based on its relevance to combating the IED threat, according to JIEDDO management. Therefore, according to JIEDDO officials, potential employees may be concerned about professional advancement and job security.

Furthermore, JIEDDO officials state that JIEDDO is challenged by a lack of sufficient acquisition expertise with breadth and depth of understanding and experience in program acquisition. Specifically, JIEDDO's operating divisions are devoid of positions that are either classified as acquisition positions, or specifically require acquisition expertise. Such expertise is needed to ensure that its acquisitions are conducted skillfully. An important part of JIEDDO's mission is to rapidly acquire counter-IED solutions in support of the warfighter, and federal control standards state that management should ensure that its workforce has the skills necessary to help an organization achieve its goals. However, in February 2010, a team of four independent acquisition experts conducted a brief review of JIEDDO's acquisition process at the request of the new director and observed that JIEDDO has no positions for persons with acquisition and program management experience.³² The team recommended creating acquisition professional positions within JIEDDO's formal organization and filling these positions with persons who have this acquisition experience. However, JIEDDO faces a challenge in filling these positions with qualified acquisition professionals because such professionals are in high demand as a result of DOD efforts to increase its acquisition workforce across the department. Nonetheless, such expertise would help JIEDDO minimize risks in acquiring equipment or systems because it could address issues early in the acquisition process and, as a result, might avoid costly fixes in later stages in the acquisition process. For example, according to one expert from the acquisition review team, this expertise

³¹ These included, for example, intelligence analysis specialists with weapons and cultural expertise, experienced scientists—including chemists and physicists—with military explosives expertise, and program/system integrators with expertise in the differences between JIEDDO's system development process and standard DOD system development processes.

³² The JIEDDO director requested an assistance visit from the Defense Acquisition University and the Defense Contract Management Agency, which each provided two experienced persons to the team for a 1-week review conducted in February 2010. The director made the request as part of his effort to develop an understanding of JIEDDO's processes and the request included assessing JIEDDO's rapid acquisition process.

would help JIEDDO know how to ensure that JIEDDO's rights, such as how to repair or engineer changes to an acquired system, are included in the contract, because if neglected, can result in costly or restrictive actions later in the system's life.

DOD Has Not Adequately Monitored JIEDDO's Internal Control System

DOD has not adequately monitored JIEDDO's internal control system, relying too heavily on certifications from JIEDDO regarding its operations, which has not permitted it to identify and act to correct ongoing internal control weaknesses. DOD Comptroller officials said that oversight over JIEDDO's internal control system is maintained through the DOD Managers' Internal Control Program, which DOD uses to manage the requirements of the Federal Managers' Financial Integrity Act and the Office of Management and Budget Circular No. A-123. However, these officials stated that under this program, the Comptroller's office relies solely on JIEDDO to develop and implement an effective internal control system that addresses key program performance risks, monitors effectiveness and compliance, and reports deficiencies or material weaknesses in its internal control system through a report called the annual statement of assurance.³³ This statement is provided to the OSD Office of the Director of Administration and Management.³⁴ DOD uses additional techniques in its general oversight of JIEDDO, such as the Deputy Secretary of Defense's review of certain high-dollar counter-IED initiatives. However, JIEDDO's internal control system and annual assurance statement are the key mechanisms DOD relies upon to comprehensively and uniformly summarize and monitor internal control system status within its organizations, including JIEDDO, and more importantly to report and elevate unremedied deficiencies to higher levels within and outside of DOD for awareness and action.

DOD's oversight system, however, failed to detect, report, and take action to address the control weaknesses discussed previously in this report, which have been present at JIEDDO since its first year of operation. (Further, JIEDDO did not disclose these control weaknesses in either of

³³DOD regulation defines material weaknesses as reportable conditions which, in management's judgment, are significant enough to report to the next higher level.

³⁴"The Director of Administration and Management consolidates the JIEDDO statement into the OSD statement which is reported to the Secretary of Defense. The OSD Comptroller prepares the DOD statement for the Secretary of Defense, using the Component Heads annual assurance statements as the basis for the Department's level of assurance."

its first two annual statements of assurance,³⁵ or fully detail all of its weaknesses in its third and most recent statement of assurance completed in July 2009). For example, JIEDDO excludes initiatives from some of the governance mechanisms of its review and approval process, which JIEDDO characterized as the most important part of its process before committing funding to any initiative. Moreover, JIEDDO did not disclose in its 2009 report the exclusion of initiatives from these important control processes.

Given that DOD's internal control program did not result in the identification and reporting of these weaknesses and conditions at JIEDDO, the DOD Comptroller's department-level control intended to assure the quality of JIEDDO's annual assurance statement was not effective. In discussing this finding, DOD Comptroller officials stated that DOD reacts to findings and weaknesses reported by external organizations, such as GAO or the DOD IG, rather than proactively and systematically testing the subordinate organizations itself. However, without adequate oversight of its programs, DOD has inadequate assurance that JIEDDO operations are providing reliable data for evaluating progress towards mission objectives or otherwise adequately recognizing and disclosing existing weaknesses needing corrective action.

Conclusions

As IEDs continue to pose a significant threat to U.S. forces in Iraq and Afghanistan, defeating the threat continues to be a high defense priority, which will likely require a continued significant investment in resources provided through JIEDDO. Collectively, this review's findings along with the findings of prior GAO reports underscore that JIEDDO has not had a systematic process in place to evaluate its results, ensure adherence to its acquisition process, and adequately develop and maintain an adequate internal control system. Although JIEDDO has taken some steps to improve its management and oversight in support of its mission to defeat IEDs, it is too early to know the results of these changes. For example, during this review, we learned that one JIEDDO office, the Acquisition Oversight Division, previously established in May 2008, was planned for elimination, therefore creating uncertainty regarding whether JIEDDO will maintain a process for identifying and reporting weaknesses with counter-IED initiatives. A key issue involves the need for sustained high-level

³⁵ Statement of assurance first issued in 2007, and second statement of assurance followed in 2008.

management commitment and leadership to ensure needed changes have been implemented fully and correctly. Without this assurance, the possibility of continued exclusion of initiatives from JCAAMP requirements, coupled with a lack of adherence with all steps of the process required by applicable guidance, may significantly limit the transparency and accountability of JIEDDO's actions within JIEDDO, as well as to the Deputy Secretary of Defense, the services, and other DOD components.

Furthermore, the magnitude of resources required, coupled with the scale and span of JIEDDO's mission to focus all DOD counter-IED efforts, underscores the importance to achieve efficient use of funding made available to JIEDDO. Because of the continued absence of adequate internal controls, JIEDDO cannot ensure that its financial resources are being adequately managed or that decision makers get the most transparent information to make decisions if JIEDDO does not (1) develop a means for reliably measuring the effectiveness of its efforts and investments on combating IEDs; (2) fully adhere to processes that JIEDDO has designed to identify, assess, and acquire its counter-IED initiative investments; and (3) address material weaknesses in its internal control system. Furthermore, these improvements are needed to be able to assure OSD that the program is achieving its objectives, particularly in light of the fact that OSD has taken insufficient action to monitor and work closely with JIEDDO to improve JIEDDO's internal controls and the quality of its financial and personnel data necessary to assure Congress and the public that JIEDDO is effectively focusing all of its resources to address the threat of IEDs to U.S. forces.

Recommendations for Executive Action

We are recommending that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of JIEDDO to take the following seven actions:

To improve its processes for assessing effectiveness of counter-IED initiatives:

- Include in the design for each counter-IED initiative a plan that includes appropriate outcome-oriented metrics and improved data collection and evaluation plans incorporating use of theater-level data as well as data capturing unexpected outcomes to gauge the effectiveness of initiatives, individually and collectively.

-
- Ensure implementation of JIEDDO's plan to expand, across the organization, its process for documenting counter-IED initiative management actions and decisions.

To improve adherence to JCAAMP:

- Revise the JCAAMP instruction to more clearly define which initiatives are subject to JCAAMP. The revised instruction should
 - define what constitutes a counter-IED initiative and what is considered overhead, and
 - define and document JIEDDO's process for determining, identifying, and separately tracking other JIEDDO programs and activities that JIEDDO considers overhead and excludes from its JCAAMP process.
- Ensure all steps of JCAAMP are followed and fully documented, as required.

To develop an effective overall internal control system:

- Ensure changes JIEDDO makes to its system of internal controls include steps to follow through on corrective actions and recommendations.
- Take necessary measures to deploy sufficient staff with the needed skill and experience to assess, identify, address, and report to DOD on efforts taken to address its shortcomings.
- Create positions or otherwise identify ways to access acquisition expertise to minimize risk in acquiring equipment or systems.

To address JIEDDO's continued challenges in providing transparency and reasonable assurance concerning the effectiveness of its internal control system, we also are recommending that the Secretary of Defense through the Deputy Secretary of Defense take the following two actions:

- Designate an organization in DOD, such as the DOD Comptroller, to monitor JIEDDO's progress in implementing its changes to address material weaknesses in its internal control system.
- Develop and implement additional internal controls at the OSD level needed to ensure that JIEDDO is providing reliable data for evaluating its progress towards mission objectives or otherwise adequately recognizing and disclosing in management control reports any other existing control weaknesses needing corrective action.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD fully concurred with all nine of our recommendations and delineated several actions DOD and JIEDDO are implementing or plan to implement to address our report findings. We believe that if fully implemented DOD's actions would address our recommendations. The department's written comments are reprinted in appendix II.

Regarding our two recommendations related to improving processes for assessing effectiveness of counter-IED initiatives, DOD identified several actions it plans or has begun to implement. For example, JIEDDO stated that it has created a new planning board to verify that initiative assessment methodology development is concurrent with initiative development. JIEDDO also said it is implementing a new assessment methodology for all initiatives designed to provide a consistent evaluative framework to assess their level of readiness and risk when making specific decisions to continue, transition, or terminate initiatives. Additionally, DOD stated that additional controls have now been implemented to improve the documentation of all initiative management actions and decisions, such as publishing formal minutes for JCAAMP approval bodies. Lastly, JIEDDO expressed its expectation that its continued efforts to strengthen and validate control effectiveness will help to ensure that initiative management actions and decisions are formally documented, and that documentation is retained in a central location. We agree that these actions, if fully implemented, would satisfy our recommendations and improve the management of counter-IED initiatives by providing more insight into the effectiveness and historic expectations of each initiative.

Regarding our two recommendations related to JCAAMP, DOD identified actions aimed at improving adherence to JCAAMP. Specifically, the department stated that JIEDDO will revise the JCAAMP to provide better definition of how JCAAMP applies to C-IED initiatives, developmental efforts, and staff and infrastructure support for initiatives. DOD also stated that JIEDDO will develop procedures to define and track programs that are funded outside of the JCAAMP and will refine its process of accounting for staff and infrastructure for core requirements and programs that support these requirements. The department also stated that JIEDDO conducted a detailed review of JCAAMP and concluded that the process is sound but that the root cause of our finding stemmed from inadequate documentation of JCAAMP actions. Consequently, DOD stated that JIEDDO plans to implement processes to track all JCAAMP actions to evidence that controls were properly executed and that justifications for any exceptions are appropriately documented. We agree that

implementation of these actions are appropriate and should satisfy our findings.

Regarding our three recommendations related to developing an effective overall internal control system, DOD concurred and offered several actions to addressing the findings. DOD stated that that JIEDDO is implementing its manager's internal control program in accordance with DOD Instruction 5010.40 including JIEDDO's (1) engaging an independent audit and consulting firm in fiscal year 2010 to document high-risk processes, identify corrective actions, and implement process improvements, and (2) requiring its Internal Review office to monitor the implementation of corrective actions and report progress to JIEDDO leadership and all relevant oversight bodies as required. To improve sufficiency of JIEDDO's staff, DOD approved additional manpower increases at JIEDDO that will increase the ratio of government service employees to contractors and expand the skill sets required of its government service employees to include the needed skills and experience to address our findings including providing effective government oversight of JIEDDO programs, such as recruiting acquisition professionals against new authorizations approved in fiscal year 2010. We agree that these actions, if fully implemented, would satisfy our recommendations for improving JIEDDO's internal control system.

Regarding our two recommendations focused on providing transparency and reasonable assurance concerning the effectiveness of its internal control system, DOD stated that it has actions underway to address our findings. Specifically, DOD said the Office of the Under Secretary of Defense, Comptroller is assigning its Financial Improvement and Audit Readiness Directorate the responsibility to monitor and report upon JIEDDO's progress in the development and implementation of internal controls. Additionally, according to DOD, the Under Secretary of Defense, Comptroller, Financial Improvement and Audit Readiness Directorate is taking action to emphasize the requirement and proactive implementation of the department's Managers' Internal Control Program including (1) in June 2010 the DOD Comptroller, Managers' Internal Control Manager, is meeting with senior managers from the Department of Defense, Inspector General to make arrangements to develop regular communications between the two to institutionalize the sharing of audit-related insights and potential recommendations that focus upon operational, administrative, and program controls, and (2) in fiscal year 2011, the Under Secretary of Defense, Comptroller, Financial Improvement and Audit Readiness Branch will begin to conduct onsite validation meetings with each of the DOD Components responsible for submission of a

Statement of Assurance to the Office of the Secretary of Defense and rate each component's internal control program with a score providing improved oversight through the validation of the DOD Component's adherence with DOD Instruction 5010.40. We agree that these actions will not only address our findings, but also provide positive evidence that DOD is demonstrating the principles underlying the monitoring standards for an internal control system throughout the department.

We are sending copies of this report to interested congressional committees and the Secretary of Defense. This report will be available at no charge on GAO's Web site <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8365 or by e-mail at SolisW@GAO.GOV. Contact information for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who have made major contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'W. Solis', with a long horizontal flourish extending to the right.

William M. Solis, Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Norman D. Dicks
Chairman
The Honorable C.W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To assess the Joint Improvised Explosive Device Defeat Organization's (JIEDDO) efforts to measure the effectiveness of its efforts and investments, we requested, reviewed, and discussed with JIEDDO officials current and anticipated efforts to measure and evaluate its operations and activities. We reviewed these efforts to determine the progress, breadth, and depth of JIEDDO's measurement development and their applicability towards JIEDDO's ability to successfully evaluate its operations initiatives. We reviewed assessments JIEDDO cited as examples of measuring its activities and measures and determined that collectively, JIEDDO's measurement development efforts were not followed through to completion and had not evolved beyond the planning stages. We reviewed the instances where JIEDDO attempted to conduct individual measurement exercises for counter-IED initiatives, including those that JIEDDO characterized as completed—successful—and those that were not completed—unsuccessful. In discussion with JIEDDO officials and in review of the underlying information, we developed examples of limitations experienced during the individual efforts. We then categorized and summarized the limitations, challenges, and underlying root causes, for the exercises we reviewed, for JIEDDO's limited progress in its measurement efforts, and for potential actions to improve chances for success.

To assess JIEDDO's adherence to its review and approval process, we reviewed, analyzed, and discussed JIEDDO guidance with JIEDDO officials to identify key steps in its process, and then collected corroborating data from 56 case studies of JIEDDO's most costly counter-IED initiatives for fiscal years 2008 and 2009 to determine whether JIEDDO's stated process was followed by JIEDDO managers and personnel. These studies included over \$4.67 billion in fiscal year 2009 projects and initiatives funded with fiscal years 2008 and 2009 appropriations. We also identified required approval controls over use of funds, reviewed selected transactions for compliance with these controls, and assessed whether the data recorded in the accounting and managerial systems accurately reflected JIEDDO's activities. We drew high-dollar initiatives to more efficiently assess the largest portion of JIEDDO's funds. We included representative initiatives from JIEDDO's three mission-

related lines of operations.¹ We also reviewed large-dollar initiatives approved by the Deputy Secretary of Defense for fiscal years 2008 and 2009. Because we identified weaknesses in the completeness and accuracy of JIEDDO's documentation and controls, we did not review the full range of initiatives we had originally planned because it would have added no further value for purposes of addressing the objectives of this review. Our analysis drew from a universe of the 497 initiatives listed in JIEDDO's initiative management system—CCARs— as of March 30, 2009, against which JIEDDO had earmarked, committed, obligated, and/or expended its fiscal years 2008 and 2009 appropriations. We took steps to ensure that the universe data JIEDDO provided for funded-to-date initiatives were complete by comparing the sum of the total dollar amounts to the total appropriations/funds made available to JIEDDO for fiscal years 2008 and 2009. Using embedded JIEDDO codes, we separated the data into subsets based on categories that JIEDDO uses to characterize and manage its operations: (1) attack the network that enables the use of IEDs, (2) defeat the IED itself once emplaced, and (3) train the military forces in counter-IED techniques. For each category, we ranked all of the associated initiatives to identify the 20 that carried the highest requirement for fiscal year 2008 and fiscal year 2009 combined for a total of 60 initiatives from the JIEDDO's lines of operations. We excluded 4 initiatives after we learned that the Department of Defense (DOD) Inspector General was closely scrutinizing them for mandated audits already underway, reducing the number of case studies conducted and completed by GAO to 56 in total, which reflected a total of \$4.67 billion in combined fiscal years 2008 and 2009 funding that JIEDDO had approved at the time we collected our data. For each initiative, we collected the individual documentation packages JIEDDO is supposed to file and maintain as proof of JIEDDO actions and to provide an audit trail for JIEDDO personnel and others to determine the history and progress of an initiative. We then compared the progress of each initiative as reflected in JIEDDO's accounting system with details in the individual documentation packages, to determine whether historic documentation matched the financial record and whether various decision points were documented and approved as required by the JIEDDO directive, instruction, and standard operating procedures. In cases where JIEDDO's documentation appeared to be incomplete or

¹ These include JIEDDO's operations to (1) attack the network that enables the use of IEDs, (2) defeat the IED itself once emplaced, and (3) train the military forces in counter-IED techniques. We excluded JIEDDO's fourth line of operations because it includes staff and infrastructure activities not directly related to the other three lines of operations, which are directly involved in the development of JIEDDO's counter-IED initiatives.

incongruent, we discussed the gaps on a case-by-case basis with initiative program managers and JIEDDO managers from accounting and finance, acquisition oversight, internal review, and the office of the chief of staff. Through the progress of the audit, we shared tentative observations and concerns with JIEDDO management officials prior to reaching conclusions on each of the initiatives. Once we had concluded data gathering and analysis on individual initiatives, we reviewed and arrayed the data to identify patterns of adherence issues related to JIEDDO's directive, instruction, and standard operating procedures, as well as to federal internal control standards. We presented and discussed our findings to JIEDDO management, made corrections where warranted to individual initiatives, and have summarized these as findings in the body of this report. We visited and met with officials from JIEDDO's Joint Center of Excellence (JIEDDO's organization managing counter-IED initiatives), the National Training Center (site for some of JIEDDO's counter-IED training initiatives), JIEDDO's Technology and Requirements Integration Division, JIEDDO's Acquisition Oversight Division, JIEDDO's command group, JIEDDO's Operations Research Systems Analysis Division, and JIEDDO's and Resource Management Division (JIEDDO's organization performing budget, accounting, and finance functions) to gather information corroborating and explaining the financial activity and documentation related to JIEDDO initiatives we tested.

To assess JIEDDO's actions to address overall internal control system weaknesses previously reported by GAO, we interviewed and discussed with JIEDDO officials their efforts to improve JIEDDO's internal control system in response to prior related GAO findings. We collected and reviewed internal and external guidance and documentation of JIEDDO's internal control system. We reviewed and compared JIEDDO's annual statements of assurance regarding JIEDDO's internal controls system. We then analyzed the information collected and discussed the significance of conditions observed with JIEDDO officials.

We also examined documentation including DOD Directive 2000.19E, which established JIEDDO, other documentation and briefings relating to JIEDDO's evolution, and JIEDDO Instruction 5000.01, which established JIEDDO's rapid acquisition process, as well as other documents and briefings from JIEDDO, the services, and other DOD entities. We discussed JIEDDO's management of its internal processes, its strategic planning, initiative development, and internal controls. We assessed the reliability of JIEDDO's financial data we reviewed by (1) corroborating the data with supporting information and documentation from physical file records at JIEDDO headquarters and from initiative program offices, (2)

reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. Based on this work, we determined that the data were sufficiently reliable for the purposes of the review of initiatives.

We conducted this performance audit from May 2008 to May 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



JOINT IED DEFEAT ORGANIZATION
5000 ARMY PENTAGON
WASHINGTON DC 20310-5000

JUN 21 2010

Mr. William Solis
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-10-660, 'WARFIGHTER SUPPORT: Actions Needed to Improve Joint Improvised Explosive Device Defeat Organization's System of Internal Control' dated May 12, 2010 (GAO Code 351230).


The Joint Improvised Explosive Device Defeat Organization (JIEDDO) executes its mission in support of COCOM requirements by rapidly responding to urgent warfighter needs. The single most relevant factor in JIEDDO's decision making and coordination efforts is to ensure these capabilities are available to a COCOM engaged in combat during a decisive time of need. A "good enough" solution delivered rapidly in a dynamic war environment is more valuable than an ideal solution delivered much later. JIEDDO provides C-IED capabilities and both material and non-material solutions in a rapid manner based upon requirement urgency and solution maturity. JIEDDO's organizational value is based on this ability and flexibility to respond to COCOM needs as quickly as possible while accepting a higher level of program risk.

JIEDDO recognizes that in accepting a higher risk profile in executing the mission that effective stewardship of its resources is a vital concern. This report highlights areas for improvement in defining acceptable levels of risk while maintaining effective oversight and internal control of our processes. To this end JIEDDO is conducting a complete review of functions and processes and implementing a manager's internal control program that will provide assurance of effective use of JIEDDO resources. Our endstate is to establish a system of internal controls that is assessable, accountable, and transparent for JIEDDO's decision making processes and program management in support of the warfighter.

**Appendix II: Comments from the Department
of Defense**

The enclosed attachment contains a detailed response to each recommendation. Comments on technical or factual corrections to the report were provided in a separate document to the GAO audit team. The point of contact for this response is Mr. William Rigby, JIEDDO Internal Review, william.rigby@jieddo.dod.mil, 703-602-4807.

Sincerely,



Michael L. Oates
Lieutenant General, U.S. Army
Director

Enclosure:
As stated

GAO DRAFT REPORT – DATED MAY 12, 2010
GAO CODE 351230/GAO-10-660

"WARFIGHTER SUPPORT: Actions Needed to Improve Joint Improvised
Explosive Device Defeat Organization's System of Internal Control"

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to include in the design for each counter-improvised explosive device (IED) initiative a plan that includes appropriate outcome oriented metrics, improved data collection and evaluation plans incorporating the use of theater level data as well as data capturing unexpected outcomes to gauge the effectiveness of initiatives, individually and collectively.

DOD RESPONSE: Concur. During the conduct of this audit JIEDDO has taken several steps to improve initiative assessments and continues to refine our processes and reviews to ensure assessments are conducted for each initiative. JIEDDO implemented a planning board for initiatives that incorporates developing an assessment methodology concurrent with initiative development. JIEDDO is implementing an assessment methodology for all initiatives to provide a consistent evaluative framework to assess their level of readiness and risk to inform decision making specific to each Transition Point. This framework will provide transparency for incremental changes over time to furnish senior leaders with comprehensive information to inform decision making.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to ensure implementation of JIEDDO's plan to expand, across the organization, its process for documenting counter-improvised explosive device (IED) initiative management actions and decisions.

DOD RESPONSE: Concur. JIEDDO has implemented additional controls to improve the documentation of all initiative management actions and decisions, such as publishing formal minutes for Joint Improvised Explosive Device Defeat Capability and Acquisition Management Process (JCAAMP) approval bodies. In accordance with the finding, JIEDDO will continue to strengthen and validate control effectiveness, to ensure that all initiative management actions and decisions are formally documented, and that documentation is retained in a central location.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to revise the Joint Improvised Explosive Device Defeat Capability and Acquisition Management Process (JCAAMP) instruction to more clearly define which initiatives are subject to JCAAMP. The revised instruction should

- Define what constitutes a counter-improvised explosive device (IED) initiative and what is considered overhead.
- Define and document JIEDDO's process for determining, identifying, and separately tracking other JIEDDO programs and activities that JIEDDO considers overhead and excludes from its JCAAMP process.

DOD RESPONSE: Concur. JIEDDO will revise the JCAAMP to provide better definition of how JCAAMP applies to Counter-Improvised Explosive Device (CIED) initiatives, developmental efforts and staff and infrastructure support for initiatives. JIEDDO will develop procedures to define and track programs that are funded outside of the JCAAMP. JIEDDO will refine its process of accounting for staff and infrastructure for core requirements and programs that support these requirements.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to ensure all steps of the Joint Improvised Explosive Device Defeat Capability and Acquisition Management Process (JCAAMP) are followed and fully documented, as required.

DOD RESPONSE: Concur. JIEDDO conducted a detailed review to determine the root causes of the GAO's findings, and identify opportunities to strengthen controls to mitigate issues cited in this report. This review determined that the JCAAMP process is sound but that the root cause stemmed from inadequate documentation of JCAAMP actions. In response to the GAO's concerns, JIEDDO will implement processes to track all JCAAMP actions to evidence that controls were properly executed and that justifications for any exceptions are appropriately documented.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to ensure changes JIEDDO makes to its system of internal controls include steps to follow-through on corrective actions and recommendations.

DOD RESPONSE: Concur. JIEDDO is implementing a manager's internal control program in accordance with DoD Instruction 5010.40. JIEDDO retained an independent audit and consulting firm in FY10 to document high risk processes, identify corrective

actions, and implement process improvements. The JIEDDO Internal Review office will monitor the implementation of corrective actions and report progress to JIEDDO leadership and all relevant oversight bodies as required.

RECOMMENDATION 6: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to take necessary measures to deploy sufficient staff with the needed skill and experience to assess, identify, address, and report to DoD on efforts taken to address its shortcomings.

DOD RESPONSE: Concur. In February and April 2010 the Department of the Army as the Executive Agent for JIEDDO manpower authorizations approved increases in JIEDDO authorizations that allow JIEDDO to in source government professional positions. JIEDDO is developing appropriate position descriptions and recruiting government service (GS) hires with the needed skills and experience to address the issues identified by the GAO and to provide effective government oversight of JIEDDO programs.

RECOMMENDATION 7: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense direct the Director of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to create positions or otherwise identify ways to access acquisition expertise to minimize risk in acquiring equipment or systems.

DOD RESPONSE: Concur. JIEDDO recognizes the need to augment and supplement our existing acquisition workforce with additional staff trained and qualified to conduct and oversee acquisition in the DOD. JIEDDO is recruiting acquisition professionals against new authorizations approved in FY10. JIEDDO is converting several existing positions to align with the DoD Acquisition Corps. JIEDDO is exploring opportunities to have acquisition personnel from other agencies support JIEDDO on a rotational basis to provide short time support and additional training and mentorship to the existing JIEDDO acquisition workforce. JIEDDO is partnering with the Defense Acquisition University (DAU) to provide training to the JIEDDO workforce. The recent addition of a second highly experience government contracts attorney to the Office of General Counsel will further strengthen JIEDDO's acquisition expertise and help keep risk at acceptable levels.

RECOMMENDATION 8: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense designate an organization in DoD, such as the DoD Comptroller to monitor the Joint Improvised Explosive Device Defeat Organization's (JIEDDO) progress in implementing its changes to address material weaknesses in its internal control system.

DOD RESPONSE: Concur. The Office of the Under Secretary of Defense, Comptroller will assign the Financial Improvement and Audit Readiness Directorate the responsibility

to monitor and report upon the Joint Improvised Explosive Device Defeat Organization's progress in the development and implementation of internal controls.

RECOMMENDATION 9: The GAO recommends that the Secretary of Defense through the Deputy Secretary of Defense develop and implement additional internal controls at the OSD level needed to ensure that the Joint Improvised Explosive Device Defeat Organization (JIEDDO) is providing reliable data for evaluating its progress towards mission objectives or otherwise adequately recognizing and disclosing in management control reports any other existing control weaknesses needing corrective action.

DOD RESPONSE: Concur. This fiscal year, the Under Secretary of Defense, Comptroller, Financial Improvement and Audit Readiness Directorate has met individually with the majority of the Department of Defense Components that are required to submit annually a Statement of Assurance to the Office of the Secretary of Defense. The purpose of these meetings to: 1) emphasize the requirement and proactive implementation of the Department's Managers' Internal Control Program through adherence with the DoD Instruction 5010.40 to include ongoing support and active participation by Senior Management (e.g., "tone-at-the-top"), a risk-based approach and the use of self-reporting so that material internal control weaknesses can be identified and remediated prior to their potential negative impact upon the organization's mission.

During June 2010, the DoD Comptroller, Managers' Internal Control Manager met with Senior Managers from the Department of Defense, Inspector General. The purpose of the meeting was review of the DoD Comptroller's actions initiated this fiscal year to ensure that each DoD Component understands and pro-actively addresses the requirements of DoD Instruction 5010.40. It was agreed that the two organizations would initiate regular communications for the purpose to share audit related insights and potential recommendations that focus upon operational, administrative and program controls.

Beginning in fiscal year 2011, the Under Secretary of Defense, Comptroller, Financial Improvement and Audit Readiness Branch plans to conduct onsite validation meetings with each of the DoD Components responsible for submission of a Statement of Assurance to the Office of the Secretary of Defense. The purpose of these onsite visits will be to provide oversight through the validation of the DoD Component's adherence with DoD Instruction 5010.40. Scoring criteria has been distributed to each of the DoD Components and is also posted on the DoD Managers' Internal Control Program web site. Each DoD Component's Managers' Internal Control Program will be evaluated and the Component will receive a score that represents their adherence with DoD Instruction 5010.40.

Appendix III: GAO Contact and Acknowledgments

GAO Contact

For further information please contact William Solis, (202) 512-8365 or solisw@gao.gov.

Acknowledgments

In addition to the contact named above, Cary B. Russell (Assistant Director), Grace Coleman, Ron La Due Lake, Lonnie McAllister, Tristan T. To, Jason Pogacnik, Jim Lloyd, and Yong Song, and John Strong made key contributions to this report.

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